From: Joachim Troilius < joachim.troilius@gmail.com>

Sent: Thursday, January 20, 2011 10:19 AM **To:** PosLimits «PosLimits @CFTC.gov»

Subject: Position Limits in Silver

Dear Members of the CFTC,

In review of the silver market actions, of yesterday and of today, the reason for why hard position limits should be instituted, into this market, stands starkly clear:

Yesterday and today, the big silver market manipulators (who are able to manipulate the price of silver through non-backed papers, on silver, only) had a field day: The price of silver moved dramatically, without any reason, whatsoever, in the physical silver market. Clearly, this "silver" market price action has a lot more to do with movements of masses of paper derivatives, said, but not proven, to be representing existing physical silver.

What has happened is that the physical metal of silver has been taken hostage, pricewise, by the paper derivatives, being operated in the "silver" market (which is easily proven by that the number of paper contracts, on silver, purported to be representing claims of physical silver, outnumbers the amount of physical silver actually available, to the market, by a factor of, probably, 20 or 30: There are, in the paper "silver" market, an amount of about 2 to 3 billion ounces of silver, in paper claims, globally, whereas the total amount of physical silver, actually available to the market, is probably less than 100 million ounces.)

It is self-evident, that with such a huge (please read "fraudulent") imbalance, in the market of silver, there is no way that the price, being set in the market, in any way, shape or form, could be derived from the actual availability of real, physical silver, but can only be set by the overwhelming amount of "paper silver", contracts in silver, that are fraudulently being upheld, as representation of physical silver, but which is, actually, of a null and void value, as to their representation of physical silver.

Considering the staggering amounts of silver derivatives contracts, having been proliferated throughout the silver market, both in the US and internationally, the appearance of these derivatives, and the lax control, of if they really are what they are said to be, thus having been entrusted *bona fide* status, has created a highly dangerous and unstable financial situation, world wide, with its genesis in the facts, that the amount of "paper silver" derivatives, in the silver market, has been allowed to grow to a grotesquely outsizing oversize, plus the ominious fact that most of these derivatives are not backed by any physical silver, whatsoever.

One of the worst atrocities, in this context, is the massively concentrated short position, in such papers only, in the COMEX market place, a position of contracts, held short, that dwarfs all other market participants, in size, including all the producers and users of physical silver. This large "paper silver" position, being almost completely unbacked by physical silver, is held by the financial institution of JPMorgan. Their position (which is, really, a promise to deliver the silver to the owners, that they have previously borrowed it from, to sell it short) constitutes several months of the whole worlds combined mine production, of silver. And that silver is not available to them. Thus, they will not be able to deliver, upon request, from the original owners.

Hence, their gigantic silver short contract position is a hoax.

And by means of this hoax, they can proceed, to hoax the whole market as well, and distort the price of silver, at the same time distorting the market signals, about the availability of the physical metal silver, as their price suppression scam, in the price of silver, gives the surrounding market participants the false impression of that physical silver is much more available than it really is.

The present situation, of the COMEX silver market, is a situation of potentially great financial danger, not only to the producers and users of silver, but also to the banking industry and the COMEX.

As the silver "user" category includes most of the technical and electronics industries, as well as the US defense and medical industries, the shenanigans of JPMorgan, in the COMEX silver market, thus also constitute risk to the American worker, soldier and health care recipient, as well.

The situation arisen, in the COMEX silver market, is of such grave danger, that one can justifiably say, that either the derivatives instruments should not have been allowed, from the start, or that they should exist, but with legal restrictions to them, as to the extent, to which they could be used, which would have put a restriction, to the possibility of anti-social elements, such as JPMorgan, eroding the safety of the market, for their own personal profits.

In short: It's an "either/or" situation; either there should be no COMEX market derivatives, for the market to be safe, or they should be reasonably restricted.

The way to do this is via position limits, such as those proposed by CFTC Commissioner Bart Chilton.

The limit should, in silver, be set at a level of no more than 1,500 contracts per market participant, with legitimate exemptions given only to legitimate hedgers, such as producers and users, not speculators, such as JPMorgan and HSBC.

As per the latest proposition, by the CFTC, the position limit, in silver, should be set at around 5,000 contracts per market participant.

Would the CFTC please clarify how this position limit, for silver derivatives in the COMEX market place, was achieved? And how it can justifiably be advocated for?

The level of 5,000 contracts per market participant, in the COMEX derivatives market, is unsustainably high.

1,500 contracts is the only reasonable COMEX market derivatives position limit level, that can be arrived at, if using sound arithmetics.

The point in time, when this position limit should be instituted in silver is 10 years ago, before the present financially dangerous situation arose.

Best Regards and with Hopes that You Will Follow Your Mandate,

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